



April – June 2018

## CURRENT FINANCIAL CONDITION

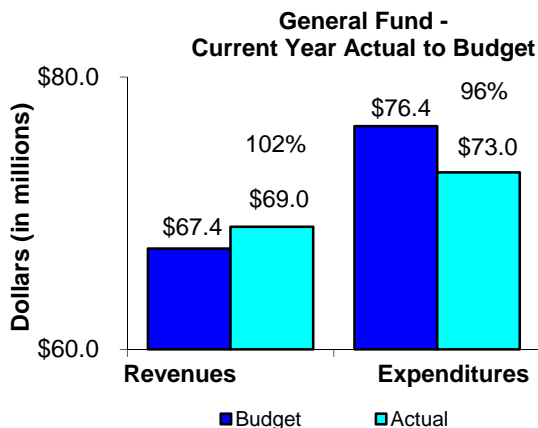
In FY 2017-18, the City maintained a positive operating position in the General Fund. The City's growth in its major revenue sources exceeded expectations. Expenditures were lower than expected for a variety of reasons. Further information is included in this report.

## GENERAL FUND

General Fund revenues through the fourth quarter total \$69.0 million, or 102% of the \$67.4 million annual budget. General Fund revenue is \$2.1 million higher than last year's fourth quarter total revenue.


General Fund expenditures total \$73.0 million for the fourth quarter, or 96% of the \$76.4 million annual budget, as compared to \$69.4 million at this time last year. In total, expenditures ended the quarter \$3.6 million higher than the same period for the prior year.


Additional information on General Fund revenues and expenditures are discussed further in this report.





## GENERAL FUND REVENUES


Revenues by Category	Budget	YTD Actual	%
Property Taxes	31,881,000	32,830,460	103%
Sales Tax	9,904,000	9,735,366	98%
Transient Occ. Tax	2,570,000	2,805,716	109%
Other Taxes	3,448,000	3,574,864	104%
Permits & Fees	1,788,540	2,050,639	115%
Intergovernmental	3,390,580	3,052,446	90%
Service Charges	5,203,790	6,170,062	119%
Fines	507,000	537,137	106%
Interest, Rents, Other	3,088,710	3,166,177	103%
Interfund Transfers	5,624,070	5,088,445	90%
	<b>67,405,690</b>	<b>69,011,312</b>	<b>102%</b>


➤ **Property Taxes:**  Property taxes total \$32.8 million, primarily from secured taxes, and are up \$1.7 million as compared to the prior year. The increase is attributed to continued growth in assessed valuations as well as some new development.


➤ **Sales Tax:**  Sales tax receipts amount to \$9.7 million, compared to \$9.9 million in the prior year, somewhat due to one-time payments received in the prior year. In addition, implementation issues with the State's new tax reporting software resulted in missing or partial payments, which will be corrected in the next year.


➤ **Transient Occupancy Taxes (TOT):**  Transient occupancy taxes total \$2.8 million, about \$7,000 higher than last fiscal year, with revenue growth from hotels offset by the decrease in vacation rentals due to new regulations on Short Term Lodging Units (STLU's).


➤ **Other Taxes:**  Other taxes, consisting mostly of franchise fees and business licenses, total \$3.6 million, \$128,000 higher than the prior year from growth of \$55,000 in Franchise fees and \$73,000 in business licenses.

➤ **Permits & Fees:**  Permits and fees are at \$2.0 million, a \$372,000 increase compared to last year, primarily due to increases in building and other construction permits as compared to the prior year.

➤ **Intergovernmental:**  Intergovernmental, mainly from grant revenues, is at \$3.1 million which is mainly from one-time grants for the Local Coastal Plan, Safe Routes to School grants, and other transportation related grants.

➤ **Service Charges:**  Service charges, from general government, public safety, parking charges and recreation, amount to \$6.2 million, about \$305,000 higher than the prior year primarily due to higher revenues from plan check and construction inspection fees.

➤ **Fines:**  Revenues from fines total \$537,000, \$4,000 higher than the prior year, with continued decreases in parking violations and vehicle code fines offset by significant increases in administrative citations.

➤ **Interest, Rents & Other:**  Interest, rents and other reimbursements total \$3.2 million, a \$790,000 increase over the prior year due to higher investment returns, concession revenues and site rentals, including \$429,000 from Negocio leases moved to the General Fund this year.



**GENERAL FUND EXPENDITURES**



Expenditure by Type	Budget	YTD Actual	%
Salaries	12,210,088	11,705,421	96%
Benefits	5,374,220	4,865,604	91%
Supplies	1,317,289	1,094,964	83%
Contractual Services	37,058,486	35,932,859	97%
Other Charges	1,152,080	1,240,059	108%
Capital Outlay	9,234,307	8,531,091	92%
Interdepartmental	4,813,310	4,885,647	102%
Transfers & Debt	5,208,130	4,710,492	90%
<b>Total</b>	<b>76,367,910</b>	<b>72,966,137</b>	<b>96%</b>

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,349,133	5,076,020	95%
City General	11,605,327	10,964,726	94%
Police	14,939,270	14,718,729	99%
Fire	9,488,450	9,476,875	100%
Comm. Development	6,022,730	5,473,559	91%
Public Works	22,332,900	20,625,729	92%
Beaches, Parks & Rec	6,630,100	6,630,499	100%
<b>Total</b>	<b>76,367,910</b>	<b>72,966,137</b>	<b>96%</b>

Expenditures at the end of the FY 2017-18 fourth quarter are \$73.0 million compared to prior year's \$69.4 million. This is an increase of \$3.6 million from FY 2016-17.

All departments had increases from the prior year, but the largest dollar increases were in City General, Police and Fire. City General increased \$1.7 million primarily due to increases in the PERS unfunded public safety pension payment (\$449,000), capital costs (\$270,000), and legal costs (\$942,000). The Police and Fire department costs together increased by \$1.3 million due to OCSD and OCFA contract cost increases and higher ambulance costs due to contract escalator based on minimum wage increases.

Other departments had minimal increases. Overall, costs, in total, are currently within anticipated results.

**ENTERPRISE FUNDS**

The following tables summarize the operating revenues, operating expenses, and changes in operating fund working capital for enterprise funds including Water, Sewer, Golf, Storm Drain and Clean Ocean funds.

**Revenues**

Revenue	Budget	YTD Actual	%
Water Fund	20,048,714	21,376,778	107%
Sewer Fund	9,488,942	9,206,023	97%
Golf Fund	2,682,112	2,870,814	107%
Storm Drain Fund	1,536,115	1,543,636	100%
Clean Ocean Fund	2,654,669	2,658,303	100%

Metered Water revenue is up \$2.2 million, compared to the previous year, based on higher water consumption in potable and non-potable water. Sewer service charges increased \$400,000 in FY 2017-18 based on increased consumption.

Golf Course revenue is up \$126,000 from higher green fees and when compared to the prior year. In addition,

one-time land sale proceeds of \$547,000 improved the overall working capital of the Golf Fund.

Storm Drain and Clean Ocean fees are fixed and do not change significantly from year to year and met budget expectations and are comparable to the prior year.

**Expenses**

Expenses	Budget	YTD Actual	%
Water Fund	22,169,937	21,909,576	99%
Sewer Fund	10,458,739	10,521,459	101%
Golf Fund	2,193,280	2,250,157	103%
Storm Drain Fund	1,754,750	1,615,701	92%
Clean Ocean Fund	4,775,064	4,200,040	88%

Water expenses increased \$1.7 million when compared to the prior year. Purchased water increased \$0.7 million, which was the largest increase. Other increases were in salary and benefits chemicals, interdepartmental and electricity costs. For the Sewer Fund, costs increased by \$0.9 million from the prior year. Salary and benefits, interdepartmental, depreciation, and electricity costs caused total operating expenses to increase year over year.

Golf expenses increased only \$59,000 compared to the previous year. Increases include salary & benefits, bank merchant fees, and electricity expenses. Clean Ocean expenses increased \$507,000 based on salary and benefit costs, project transfers, and higher NPDES permit costs when compared to the prior year.

**Working Capital**

Working Capital	Budget	YTD Actual
Water Fund	1,266,521	2,854,945
Sewer Fund	877,057	531,418
Golf Fund	-161,925	-30,100
Storm Drain Fund	419,775	566,345
Clean Ocean Fund	1,315,300	1,893,957

Working capital levels are adequate in the Water, Clean Ocean and Storm Drain Funds. The Water Fund ended significantly higher than budgeted based on strong water sales. The Golf Fund has a negative working capital balance which improved due to land sale proceeds received and should improve in future years. The Sewer Fund balance will be addressed after completion of a Cost-of-Service Study.

**WHAT'S NEXT**

- Detailed budgetary information can be obtained from the Finance and Administrative Services Department or on the City's website at [www.san-clemente.org](http://www.san-clemente.org)



Good. Positive Indicator;



Caution. Unsettled Indicator;



Problem. Negative Indicator